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1987/11/30

INDUSTRY COALITION ON TECHNOLOGY TRANSFER
Seventh Floor
1200 Seventeenth Street, NW
Washington, DC 20036
(202) 429-8484

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Dear Mr. Secretary:

We are concerned about the recent announcement that China's alleged furnishing of Silkworm missiles to Iran may result in tighter restrictions upon national security controls for exports to China. Specifically, we have heard that (1) although the rise in the China green line to which COCOM already has agreed will be implemented, the United States will not submit a further increase for COCOM consideration and (2) processing of at least some currently pending applications for exports to China is being suspended or retarded. We note as to the second item that officials of Commerce's Office of Export Licensing say that OEL is not delaying the processing of China license applications, but we are concerned that the Departments of State and Defense may be taking such action.

Congress has gone to considerable lengths to separate national security controls from foreign policy controls. They are authorized in separate sections of the Export Administration Act, they must be separately identified on the Control List, and they are subject to different criteria, restrictions and procedures. ICOTT's understanding of our national security export control policy toward China has been that continued liberalization could be expected so long as China complied with U.S. export regulations and did not permit diversions to the Warsaw Pact. So far as we know, the U.S. Government is not claiming that either of these rules has been violated. In effect, though, the steps being taken regarding China export policy are using national security controls for foreign policy purposes.

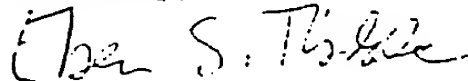
The Hon. Edward J. Derwinski
November 30, 1987
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We have no sympathy for Chinese sales of Silkworm missiles to Iran and we deplore the actions of the regime in Iran. We question, though, whether taking actions that effectively single out United States businesses for punishment is an appropriate response.

The positive benefits that flow to U.S. businesses as well as to U.S. foreign policy from liberalizing our commercial exports to China should not be hampered by delays and unreliability in export licensing. If U.S. industry is to be competitive in the China market, our export control policy must be consistent, rational and consistent with the policies of our COCOM allies. We submit that using national security controls for foreign policy purposes is at odds with our goals in China.

Accordingly, we urge the U.S. Government to reconsider the tactic of clamping down on high technology exports to China in retaliation for what is essentially a foreign policy disagreement.

Sincerely,



Eben S. Tisdale
Chairman

ICOTT Members:

Computer Software & Services Industry Association (ADAPSO)
American Electronics Association (AEA)
Computer and Business Equipment Manufacturers Association
(CBEMA)
Computer and Communications Industry Association (CCIA)
Electronic Industries Association (EIA)
National Electrical Manufacturers Association (NEMA)
Scientific Apparatus Makers Association (SAMA)
Semiconductor Equipment and Materials Institute (SEMI)
Semiconductor Industry Association (SIA)

cc: Hon. Paul Freedenberg (Commerce)
Hon. Steven Bryen (Defense)
Hon. Robert Dean (NSC)